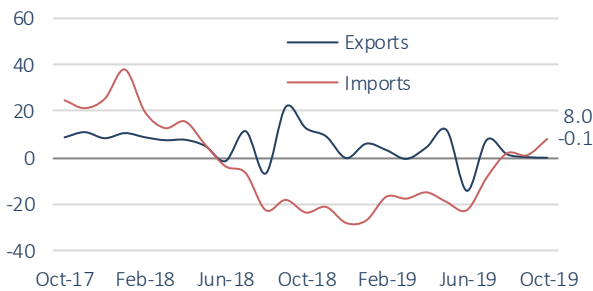




### A rapid increase in foreign trade deficit...

Foreign trade deficit, which was 497 million USD in October 2018, rose to 1.8 billion USD in the same period of this year. Export volume declined by 0.1% yoy to 15.7 billion USD, while import volume recorded the largest increase since April 2018 with 8% yoy and became 17.5 billion USD. During this period, import coverage ratio was 89.6%.

Foreign Trade Figures  
(annual % change)



12-month cumulative exports and imports became 170.7 billion USD and 198.7 billion USD, respectively. During the same period last year, 12-month cumulative exports and imports were 166.7 billion USD and 234 billion USD.

### Iron and steel exports continued to decline.

The top three exporting items were motor vehicles, boilers and machineries and knitted goods in October. Motor vehicle exports posted an annual decline of 4.9% while boilers and machinery exports and knitted goods exports rose by 1.1% yoy and 1.4% yoy, respectively. Exports of iron and steel, the fourth largest export item, registered a rapid fall of 27.7% yoy in this period.

### Main export markets...

Exports to EU economies declined by around 3% both in September and October. Exports to Germany, our largest export market, fell in October as it was the case in most of the year. Exports to the UK, our second largest export market, contracted by 10.8% yoy in this period. In euro terms, export volume to EU countries showed a slight annual rise with 0.8%.

### Gold imports rose fast.

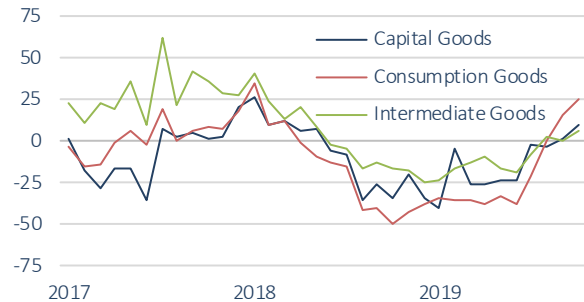
Imports of mineral fuels and oils, the largest import item, declined by 15% yoy in October due to the lower oil prices compared to the previous year. Crude oil imports in tonnes, on the other hand, surged by 47.7% during this period.

Precious stones and metals imports recorded a rapid increase in October, as it was the case in August and September. This was due to the rise in non-monetary gold imports which rose to 1.4 billion USD, the highest level since May 2018.

### A strong increase in consumption goods imports...

The recovery in domestic demand brought about an increase in consumption goods imports both in September and October. The 25.1% rise in October was largely driven by the increase in imports of automobiles and durable consumption goods. Capital goods and intermediate goods imports also expanded compared to last year in October.

Imports Based on BEC  
(annual % change)



### Expectations...

The slowdown in EU countries as well as the deceleration in global economy fuelled by the protectionist trade policies stands out as the main downside risk on foreign demand. The recovery in domestic demand, on the other hand, is likely to lead to an upward trend in import volume. Therefore, we expect that foreign trade deficit will continue to widen in the upcoming period.

Foreign Trade Figures	(billion USD)					
	October		Change	Jan-Oct		Change
	2018	2019	(%)	2018	2019	(%)
Exports	15.7	15.7	-0.1	138.6	141.4	2.0
Imports	16.2	17.5	8.0	190.3	166.0	-12.8
<b>Foreign Trade Deficit</b>	<b>-0.5</b>	<b>-1.8</b>	<b>263.6</b>	<b>-51.7</b>	<b>-24.5</b>	<b>-52.5</b>
Import Coverage (%)	96.9	89.6	-	72.8	85.2	-

Source: Datastream, Turkstat

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